



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
SIMPSON COUNTY CLERK**

Calendar Year 1999

**EDWARD B. HATCHETT, JR.
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Edward B. Hatchett, Jr.
Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable Jim Henderson, Simpson County Judge/Executive

Honorable Bobby C. Phillips, Jr., Simpson County Clerk

Members of the Simpson County Fiscal Court

The enclosed report prepared by Kathryn A. Shackleford, Certified Public Accountant, presents the statement of receipts, disbursements, and excess fees of the County Clerk of Simpson County, Kentucky, as of December 31, 1999.

We engaged Kathryn A. Shackleford, CPA, to perform the financial audit of this statement. We worked closely with the firm during our report review process; the resulting audit comports with our reporting format. As part of the audit Kathryn A. Shackleford, CPA, evaluated the Simpson County Clerk's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

Edward B. Hatchett, Jr.

Auditor of Public Accounts

Enclosure

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**AUDIT REPORT
SIMPSON COUNTY CLERK**

Calendar Year 1999

**Member Kentucky Society of CPA's
American Institute of Certified Public Accountants**

EXECUTIVE SUMMARY

SIMPSON COUNTY BOBBY C. PHILLIPS, JR., COUNTY CLERK CALENDAR YEAR 1999 FEE AUDIT

Description of Office:

The office of the County Clerk is mandated and regulated by state laws and regulations. The office of the County Clerk has been charged with the responsibility of licensing all motor vehicles and boats, collecting sales and property taxes on the same, registering voters, tabulating election results, and recording all manner of deeds, real estate and chattel mortgages as well as a myriad of other recordings. The County Clerk is also responsible for the collection of delinquent taxes and fees on delinquent tax bills received from the County Sheriff each year.

Audit Results:

The auditor has issued an unqualified opinion on the Simpson County Clerk's financial statements for the period January 1, 1999 through December 31, 1999. An unqualified opinion is an opinion issued when the auditor, based on the audit work performed, believes the financial statements of the auditee are presented fairly in all material respects. There are no comments. The pledge of securities were adequate to cover bank deposits and the County Clerk had a written collateral agreement.

Fee Account Financial Position:

Adequate funds were available to pay all 1999 operating obligations.

Excess Fees:

The County Clerk paid \$103,935 of excess fees to the county for calendar year 1999.

Statement of Receipts, Disbursements, and Excess Fees:

The financial statements of the Simpson County Clerk for calendar year 1999 reflect receipts and disbursements of \$3,139,683 and \$3,035,748 respectively.

Report on Compliance and Internal Control:

There were no material noncompliances noted during the performance of the audit and the report does not reflect any reportable conditions with regards to the County Clerk's internal control structure.

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Kathryn A. Shackleford
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To the People of Kentucky

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Mike Haydon, Secretary, Revenue Cabinet

Honorable Jim Henderson, County Judge/Executive

Honorable Bobby C. Phillips, Jr., Simpson County Clerk

Members of the Simpson County Fiscal Court

Independent Auditor's Report

I have audited the accompanying statement of receipts, disbursements, and excess fees of the County Clerk of Simpson County Kentucky, for the year ended December 31, 1999. This financial statement is the responsibility of the County Clerk. My responsibility is to express an opinion on this financial statement based on my audit.

I conducted my audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As described in Note 1, the County Clerk is required to prepare the financial statement on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles. This cash basis system does not require the maintenance of a general fixed asset group or general long-term debt group of accounts. Accordingly, the accompanying financial statement is not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In my opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the County Clerk for the year ended December 31, 1999, in conformity with the basis of accounting described above.

To the People of Kentucky

Honorable Paul Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

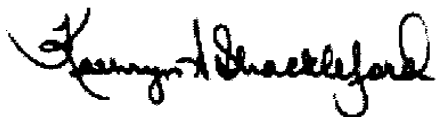
Mike Haydon, Secretary, Revenue Cabinet

Honorable Jim Henderson, County Judge/Executive

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Members of the Simpson County Fiscal Court

In accordance with Government Auditing Standards, I have also issued a report dated July 11, 2000, on my consideration of the County Clerk's compliance with certain laws and regulations and internal control over financial reporting.

A handwritten signature in black ink, reading "Kathryn A. Shackleford". The signature is written in a cursive style with a large initial 'K'.

Kathryn A. Shackleford
Certified Public Accountant

Audit Fieldwork Completed -
July 11, 2000

SIMPSON COUNTY
BOBBY C. PHILLIPS, JR., COUNTY CLERK
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

Calendar Year 1999

Receipts

Libraries and Archives Grant (Note 5)		20,860
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State Fees For Services		6,958
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Fiscal Court		19,157
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Licenses and Taxes:

Motor Vehicle-

Licenses and Transfers	\$ 360,410	
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Usage Tax	1,518,941	
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Tangible Personal Property Tax	979,778	
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Licenses-

Fish and Game	6,960	
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Marriage	7,590	
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Deed Transfer Tax	45,529	
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Delinquent Tax	31,463	2,950,671
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Fees Collected for Services:

Recordings-

Deeds, Easements, and Contracts	\$ 12,797	
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Real Estate Mortgages	22,646	
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Chattel Mortgages and Financing Statements	61,216	
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Powers of Attorney	892	
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All Other Recordings	19,859	
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Charges for Other Services-

Copywork	4,960	122,370
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Other:

Miscellaneous	\$ 6,439	
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Refunds	7,960	14,399
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Interest Earned		5,268
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Gross Receipts Carried Forward		\$ 3,139,683
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SIMPSON COUNTY
BOBBY C. PHILLIPS, JR., COUNTY CLERK
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
Calendar Year 1999
(Continued)

Gross Receipts Brought Forward \$ 3,139,683

Disbursements

Payments to State:

Motor Vehicle-

Licenses and Transfers \$ 272,623

Usage Tax 1,473,117

Tangible Personal Property Tax 339,273

Licenses-

Fish and Game 5,560

Delinquent Tax 4,866

Legal Process Tax 18,853 \$ 2,114,292

Payments to Fiscal Court:

Tangible Personal Property Tax \$ 111,213

Delinquent Tax 4,646

Deed Transfer Tax 43,207 159,066

Payments to Other Districts:

Tangible Personal Property Tax \$ 486,583

Delinquent Tax 14,440 501,023

Payments to Sheriff 603

Payments to County Attorney 4,807

Operating Disbursements and Capital Outlay:

Personnel Services-

Deputies Salaries \$ 128,368

Employee Benefits-

Employer's Share Social Security 13,806

Libraries and Archives Grant (Note 5)

Printing and Binding 20,860

Supplies and Materials-

Office Supplies 1,712

SIMPSON COUNTY
BOBBY C. PHILLIPS, JR., COUNTY CLERK
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
Calendar Year 1999
(Continued)

Disbursements (Continued)

Operating Disbursements and Capital Outlay:
(Continued)

Other Charges-		
Conventions and Travel	\$	440
Dues		500
Postage		4,768
Refunds		9,518
Miscellaneous		8,666
Capital Outlay-		
Office Equipment	5,954	194,592
Total Disbursements		<u>\$ 2,974,383</u>
Net Receipts		\$ 165,300
Less: Statutory Maximum		<u>57,765</u>
Excess Fees		\$ 107,535
Less: Expense Allowance		<u>3,600</u>
Excess Fees Due County for Calendar Year 1999		\$ 103,935
Payments to County Treasurer- February 16, 2000		<u>103,935</u>
Balance Due at Completion of Audit		<u><u>\$ 0</u></u>

The accompanying notes are an integral part of the financial statement.

SIMPSON COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 1999

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a cash basis of accounting pursuant to KRS 68.210 as recommended by the State Local Finance Officer. Revenues and related assets are generally recognized when received rather than when earned. Certain expenses are recognized when paid rather than when a liability is incurred, including capital asset purchases. Certain other expenses are recognized when a revenue and the related asset can be associated with a corresponding liability due another governmental entity.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employee Retirement System (CERS) pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement System. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.28 percent.

SIMPSON COUNTY
BOBBY C. PHILLIPS, JR., COUNTY CLERK
NOTES TO THE FINANCIAL STATEMENTS
December 31, 1999
(Continued)

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits

The County Clerk maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 64.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County Clerk and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 1999, the County Clerk's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the County Clerk's agent in the County Clerk's name, or provided surety bond(s) which named the County Clerk as beneficiary/obligee on the bond(s).

Note 4. Leases

Commitment to the following lease agreement as of December 31, 1999 is:

Item Purchased	Monthly Payment	Term of Agreement	Ending Date	Balance December 31, 1999
Copier	\$195	60 months	June 2003	\$8,069

Note 5. Libraries and Archives Grant

The County Clerk received a local records grant from the Kentucky Department for Libraries and Archives in the amount of \$25,660. Interest earned during calendar year 1999 totaled \$61. Funds totaling \$20,860 were expended during calendar year December 31, 1999. The unexpended grant balance as of December 31, 1999 was \$4,861.

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REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

**Kathryn A. Shackleford
Certified Public Accountant
P. O. Box 605
Brandenburg, KY 40108**

Honorable Jim Henderson, County Judge/Executive
Honorable Bobby C. Phillips, Jr., Simpson County Clerk
Members of the Simpson County Fiscal Court

**Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards**

I have audited the Simpson County Clerk as of December 31, 1999, and have issued my report thereon dated July 11, 2000. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

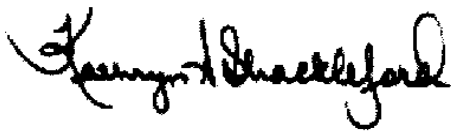
As part of obtaining reasonable assurance about whether the Simpson County Clerk's financial statement as of December 31, 1999, is free of material misstatement, I performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Simpson County Clerk's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statement and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

Honorable Jim Henderson, County Judge/Executive
Honorable Bobby C. Phillips, Jr., Simpson County Clerk
Members of the Simpson County Fiscal Court
Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended for the information of management and is not intended to be and should not be used by anyone other than the specified party. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read 'Kathryn A. Shackleford', with a stylized, cursive script.

Kathryn A. Shackleford
Certified Public Accountant

Audit Fieldwork Completed -
July 11, 2000

